

**DEPARTMENT OF THE TREASURY
FEDERAL LAW ENFORCEMENT TRAINING CENTER
GLYNCO, GEORGIA 31524**

FLETC DIRECTIVE (FD)

NUMBER: 40-03

Subject:

DATE: 08/27/96

Sunset Review: 08/27/99

FLETC AUDIT RECOMMENDATION
MONITORING SYSTEM (FARMS)

1. PURPOSE. This directive establishes policy and assigns responsibilities to ensure proper resolution of audits conducted on the Federal Law Enforcement Training Center (FLETC) organization, programs, activities, or functions.
2. SCOPE. This directive applies to all audit reports, management reviews, regulatory inspections, or staff assistance visit reports related to the FLETC that are issued by the General Accounting Office (GAO), Treasury's Office of the Inspector General (OIG), other Treasury Department or Executive Branch offices, or non-Federal contractors, and to all FLETC personnel who receive and process such reports.
3. CANCELLATION. FD 40-03, FLETC Audit Recommendation Monitoring System, dated October 14, 1994, is superseded by this directive.
4. REFERENCES.
 - a. OMB Circular A-50 (revised), Audit Follow-up, dated September 29, 1982.
 - b. Treasury Directive 40-03, Treasury Audit Follow-Up Monitoring System.
5. POLICY. It is the policy of the FLETC that audits will receive immediate executive-level management attention and that resolution of audit findings will be accomplished within established time frames. The FLETC will maintain an Audit Recommendation Monitoring System in conjunction with the Treasury Audit Recommendation Monitoring System to ensure the prompt and proper resolution and implementation of audit recommendations, to provide a complete record of actions on all audit findings and recommendations, both monetary and procedural, and to ensure that Treasury Audit Follow-Up Standards (Attachment) are met for reports issued by or for the OIG and the GAO.

6. DEFINITIONS.

a. Action Official. The management official designated by the Director's Office to review and draft a response to a report of audit.

b. Action Plan. Detailed plans developed by the FLETC Action Official to meet the recommendations in an audit. To be acceptable, the plan must include the planned or accomplished course of action, the justification for such action, and the time frames for completion.

c. Audit. A report issued by the OIG or internal audit staffs of GAO, Treasury or other Executive Branch offices, and/or non-Federal contractors concerning FLETC organizations, programs, activities, or functions.

d. Audit Finding. An identified situation which underlies an audit recommendation; e.g., a questionable action or lack of action, weakness, deficiency, inadequacy, opportunity for improvement, or other adverse condition or several related conditions.

e. Audit Recommendation. An action identified by an auditor to eliminate a deficiency or realize an improvement opportunity.

f. Corrective Action. Action taken to eliminate a deficiency or realize an opportunity identified in a recommendation. There may be several corrective actions associated with a single recommendation.

g. Dispute. A disagreement between audit officials and FLETC officials on the validity of audit findings or recommendations.

h. Implementation. The process of completing corrective actions on audit findings and recommendations.

i. Records. Documentation relative to the audit follow-up activity; e.g., audit reports, audit responses, action plans, forms, correspondence, and documentation confirming the completion of corrective actions.

j. Resolution. The process of determining the actions to be taken in response to audit findings and recommendations. Treasury audit recommendations must be resolved within 6 months from the audit report issue date. (Pre-award audits are resolved when the contract is awarded. These and GAO audits are not subject to the 6-month limitation.) All unresolved internal audit recommendations that are more than 6 months old will be resolved by the Assistant Secretary (Management).

7. RESPONSIBILITIES. Specific responsibilities are outlined below. Guidelines and time frames to execute these responsibilities will be provided as audits are received and processed.

a. The Director, FLETC, is responsible for designating a Bureau Internal Control Officer (BICO) and for ensuring that all recommendations contained in external audits are resolved within prescribed deadlines and implemented within proposed completion deadlines. For all audits except contract audits which are provided directly to the Contracting Officer, the Director will (1) notify the BICO and provide a copy of the report received by the FLETC; (2) identify an appropriate FLETC official to act as the Action Official for reviewing the audit report, proposing corrective actions, and drafting the audit response; (3) review disputed audit issues to determine the FLETC's final position; (4) approve the draft audit response; and (5) sign the final audit response.

b. The Director, Office of Administration, who serves as both the Chief Financial Officer (CFO) and BICO, is responsible for designating a Bureau Audit Recommendation Monitoring Officer (BARMO) and a Bureau Internal Control Coordinator (BICC). The BICO has the ultimate responsibility for (1) ensuring that audit findings are resolved and recommendations implemented by the Action Official(s); (2) representing the Director in negotiating resolutions/resolving disputes; (3) ensuring that significant changes in management decisions, including changes in the corrective action plan, as defined by bureau audit follow-up policy, are subject to agreement by the OIG; (4) evaluating audit follow-up performance bureau-wide and ensuring that these evaluations are an integral part of the FLETC's Federal Managers' Financial Integrity Act (FMFIA) program; and (5) ensuring that the audit follow-up responsibility is considered as one of the critical performance elements of bureau senior management officials.

c. The Bureau Audit Recommendation Monitoring Officer. The Management Analysis Officer, Office of Administration, is designated as the BARMO for the FLETC and is responsible for ensuring that (1) complete records of the actions taken on audit findings and recommendations are maintained so that transactions can be verified; (2) audit recommendations and planned and completed corrective actions are reported on the on-line Treasury Inventory, Tracking, and Closure (ITC) System; and (3) periodic reports are prepared for the BICO and other senior management officials as part of the FMFIA process on the status of audit follow-up activity and significant problems that surfaced through audit follow-up.

d. The Bureau Internal Control Coordinator is responsible for (1) logging and tracking all audits received; (2) maintaining an internal tracking system and entering audit data on the Treasury ITC system, providing assistance to the Action Officials with the development of corrective actions (Action Plan) responsive to audit findings and

recommendations; (3) advising the appropriate Treasury officials of disputes with audit findings or recommendations; (4) finalizing the audit response following the Director's approval of the action plan developed by the Action Officer; (5) administering the control system for monitoring the resolution and implementation of audit recommendations at the FLETC to include provisions for tracking individual corrective actions pertaining to each recommendation; (6) providing timely responses to all Treasury requests for information concerning audit resolution and implementation activity; (7) maintaining adequate records on audit resolution and implementation activities; (8) advising the Comptroller, FLETC, of amounts due the Government which have been identified in audit reports and which must be recorded on FLETC accounting records; (9) ensuring that appropriate FLETC management officials are kept informed of problems in audit resolutions or delays in implementing recommendations; and (10) conducting periodic analysis of audit recommendations, resolutions, and corrective actions to ensure that the system results in efficient, prompt, and proper resolution and to identify trends and system-wide problems.

d. The Office Directors are responsible for forwarding the original of each audit report received directly from an audit office to the Director's Office IMMEDIATELY upon receipt; (2) providing a copy of the report to both the BICO and the BICC; (3) acting as the Action Official when assigned by the Director; (4) reviewing the audit findings to concur or disagree with the completeness and accuracy of the data and evaluating audit recommendations to ascertain the reasonableness, adaptability, and suitability of each recommendation; (5) determining corrective actions and projected completion dates for all audit recommendations; (6) advising the BICO in writing within 2 weeks of the action assignment of any findings or recommendations which should be disputed; (7) drafting a response (action plan) in the required format for each audit report and submitting it through the BICC and BICO to the Director for approval; (8) reporting to the BICC prior to the projected completion date any delays in the implementation of planned actions, and the reasons therefor; (9) reporting the completion of each planned corrective action to the BICC; (10) providing documentation to the BICC which evidences completion of each corrective action; and (11) reporting all problems relative to the audit response/implementation process to the BICO through the BICC. The office directors are also responsible for notifying the BICO through the BICC of any management reviews, regulatory inspections, or staff assistance visits scheduled by the GAO, OIG, other Treasury Department or Executive Branch offices, or non-Federal contractors, and for providing a copy of the reports resulting from such reviews to the BICO and BICC.

e. The Comptroller, FLETC, is responsible for ensuring that amounts due the Government are recorded as accounts receivable either (1) immediately upon completion of the acts which entitle the FLETC to collect such amounts or (2) within 30 days of resolution for audit reports that are subject to management concurrence.

Receivables must be recorded even though the decision to collect is subject to administrative appeal or litigation by persons outside the FLETC. The Comptroller is also responsible for (1) ensuring that interest on audit-related debts at the rate prescribed by the Treasury Fiscal Requirements Manual shall begin to accrue no later than 30 days from the date the auditee is notified of the debt and that interest continues to accrue while an appeal is underway; (2) establishing an allowance account to reflect the amount of receivables estimated to be uncollectible; and (3) establishing procedures to ensure that the payment of audit-related debts does not result in charges to other FLETC programs or in a reduced level of program activity. (Exception - There may be instances where a portion of the funds on a grant, contract, or other agreement is held back; e.g., (1) as a safeguard against overpayment; (2) pending completion, final inspection, or approval of work, or (3) in accordance with other provisions of a grant or contract. In such instances, it is not necessary to record a receivable since disallowed costs may be offset against undisbursed funds when the audited grant or contract is closed.)

f. The Chief, Procurement Division, is responsible for (1) immediately providing the BICO through the BICC copies of pre-award and other contract-related audits received and (2) providing the BICC in writing with the date of award and the amount(s) of potential savings identified in the audit report that was actually saved through pre-award negotiations and/or contract negotiations.

8. OFFICE OF PRIMARY INTEREST. Management Analysis Division, Office of Administration.

Charles F. Rinkevich
Director

Attachment (available from MAD)